

Tourism Industry on the Brink of Collapse - FAITH Appeals to the Govt of India for immediate Survival Package

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Over 95% MSMEs of 53,000 travel agents, 1,15,000 Tour Operators (inbound, domestic, outbound), 15,000 Adventure, 2700 MICE, 19,11,000 Tourist Transporters, 53,000 hospitality and 5 lakh restaurants facing the heat due to lack of cash flows

COVID-19 Pandemic has jeopardized India's once hailing 5 lakh crores tourism industry and employment of an estimated 3.8 crore jobs

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Federation of Associations in Indian Tourism & Hospitality, the policy federation of all the national associations representing the complete tourism, travel and hospitality industry of India (ADTOI, ATOAI, FHRAI, HAI, IATO, ICPB, IHHA, ITTA, TAAI, TAFI) over the past six weeks has been appealing to the Prime Minister, Finance Minister, Tourism Minister, Commerce Minister, Aviation Minister, Niti Aayog and the Parliamentary Committee on Tourism and Reserve Bank of India. Indian Tourism industry, in 2018-19 handled business of over 10.5 million foreign tourists, more than 5million visiting NRIs, 1.8 billion domestic tourist visits & over 26 million outbound travellers. The industry is facing its biggest economic challenge with the larger and combined effect of 9/11 and the slowdown of 2009 and estimated bigger effect than the Economic Depression and World War II.

All the cash inflows of the industry have completely frozen and are likely to stay that way for the financial year 2020-21. To address the issues of cash outflows, FAITH has recommended immediate measures for survival that need to be addressed parallelly.

- A complete deferment for twelve months of all statutory dues payable by tourism, travel & hospitality industry at the Central Government level, state and municipal government level without attracting any penal interest. These would include GST, Advance Tax payments, PF, ESI, customs duties, excise fees, fixed power & water charges and any fees for licenses and renewal at the state level.

- A support fund 'Tourism COVID 19 Relief fund' to be set up by RBI or Ministry of Finance or Tourism to support salaries and establishment costs. It should be either in the form of an interest free loan to Tourism companies for repayment of the principle over 10 years. The industry estimates the value of the fund to be minimum of Rs.50,000 crores which is almost equal to gross banking credit to the Indian Tourism industry.

- RBI has already provided for three months moratorium on EMIs of principle and interest payments on loans and recalculation of working capital from Financial Institutions. This needs to be without any accrued and accumulated interest during this period and it needs to be extended for twelve months.

To achieve the above FAITH recommends setting up National Tourism Task Force of all relevant ministries of the Central Government along with ministry of tourism and chief secretaries of State governments and industry stakeholders. This should be with legislative powers on the lines of GST council for state-wise standardized tourism response.

FAITH has also recommended that once the survival measures have been implemented then the measures for revival of Indian Tourism needs to be put in immediately. The Govt needs to stimulate domestic tourism by giving 200% weighted reduction of expenses to Indian corporates for undertaking their meeting, conferences, and exhibitions in India. LTA like income tax exemption of upto Rs.1.5 lakhs to Indians for undertaking their holidays with the country, these exemptions to be availed against invoices issued by GST registered Indian Tourism service providers.

To stimulate Tourism exports, SEIS needs to be notified at 10% value for all foreign exchange tourism companies and needs to be maintained at minimum same value for next 5 years and for off-season, it could go upto 15% value. To ensure the revival of Indian travel agent, all refunds, advances and cancellation amounts to be immediately paid back by all airlines, railways and state wildlife parks.

The TCS on travel agent proposed in the finance bill 2020 to be implemented on October 1, should be completely abolished as it puts the Indian travel fraternity at a huge disadvantage of upto 15% v/s their global competitors. Additionally, the service fee for credit card charges needs to be below 1% and all corporate travel agent credit cards to be honored. To additionally ensure the survival of Indian tourist transporters, all inter-state levy need to be reduced and standardized. The year 2020-21 can be declared as a GST tax holiday for Indian tourism without stopping the flow of Input tax credits since there will be minimal GST collections from highly reduced travel within India.

FAITH urges the Government to declare immediate survival measures to prevent mass bankruptcy and crores of unprecedented layoffs. Worldover, countries have already put in support measures for Tourism industry through salary support and tax waiver such as USA, UK, Singapore, Thailand, Australia, Indonesia and many others.

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